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Chairman: Mr. SENGWE (Zimbabwe)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.05 a.m.

TRIBUTE TO THE MEMORY OF DENG XIAOPING, LEADER OF THE CHINESE PEOPLE, AND SYED AMJAD ALI, MEMBER EMERITUS OF THE COMMITTEE ON CONTRIBUTIONS

1. At the invitation of the Chairman, the members of the Committee observed a minute of silence.

ORGANIZATION OF WORK (A/C.5/51/L.41/Rev.1 and L.42/Rev.1)

2. The CHAIRMAN said that the proposed programme of work of the Fifth Committee for the first part of the resumed session was contained in document A/C.5/51/L.42/Rev.1. He drew attention to the letter from the President of the General Assembly to the Chairman of the Fifth Committee (A/C.5/51/5/Add.1), informing him of the Assembly's decision to allocate to the Committee an additional item, entitled "Financing of the Military Observer Group of the United Nations Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala" (agenda item 165).

3. He reminded members that, in its resolutions 51/214 and 51/215 concerning the financing of the international tribunals for the former Yugoslavia and Rwanda respectively, the General Assembly had decided to revert to the consideration of the financing of the tribunals for the year 1997 at the first part of its resumed fifty-first session on the basis of the revised budget proposals to be submitted by the Secretary-General and the report of the Office of Internal Oversight Services. Since no budget proposal had yet been submitted by the Secretary-General, he proposed that the Committee should postpone the consideration of those items to the second part of the resumed session.

4. It was so decided.

5. The CHAIRMAN said that, with regard to the question of the strengthening of oversight bodies, in resolution 50/214, section III, paragraph 2, the General Assembly had decided to consider at its resumed fiftieth session the modalities of the strengthening of the external oversight mechanisms decided upon in decision 47/454 of 23 December 1992. Subsequently, in its decision 50/503, the General Assembly had decided to defer consideration of the relevant reports on the question to its fifty-first session.

6. Ms. RODRIGUEZ (Cuba) said that, in the view of her delegation, more time was needed for a thorough discussion of the reports of the Office of Internal Oversight Services (OIOS) currently before the Committee. It was also unclear why some of the reports of OIOS should be considered under the item relating to the programme budget. With regard to follow-up to General Assembly resolutions, in its resolution 51/221, paragraph 12, the General Assembly had requested the Secretary-General to submit a report on redeployment for consideration at its resumed session, but no such report was to be found in the list of documentation. Furthermore, in paragraph 20 of that resolution, a report on

programme execution had been requested by 1 March 1997, and she inquired when it would be available.

7. With regard to follow-up to resolution 51/214, her delegation would like to receive information from the Under-Secretary-General for Administration and Management on the status of the additional posts and whether they were part of a negotiating process, and on the situation regarding office accommodation and parking.

8. Lastly, she asked whether any progress had been made towards the appointment of a deputy to the Secretary of the Committee.

9. Mr. MARRERO (United States of America) said that, with regard to the strengthening of external oversight bodies, a proposal had been made regarding the enlargement of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in the Open-ended High-level Working Group on the Strengthening of the United Nations System. Since there had been wide interest in that idea, his delegation intended to hold informal consultations during the resumed session and then to make a formal proposal.

10. The CHAIRMAN said, in reply to representatives of Cuba, that a deputy to the Committee Secretary had been appointed.

11. Ms. PEÑA (Mexico) said that no information had been provided regarding budget performance for the biennium 1994-1995, and since the matter had not been deferred, she would like to know when the Committee would deal with it. The report of the Committee for Programme and Coordination was currently in the form of a working paper, and she asked when the Committee could expect its formal report. Furthermore, the list of documentation did not indicate any additional reports on the subject of improving the financial situation of the Organization, which would have been welcome.

12. With regard to the enlargement of ACABQ, her delegation believed that the strengthening of such oversight mechanisms must be across the board and not selective.

13. Mr. SULAIMAN (Syrian Arab Republic) said that it must be borne in mind that reports of the Office of Internal Oversight Services were to be considered in the Fifth Committee strictly from the financial and budgetary perspective. With regard to gratis personnel, the two meetings allocated for the general discussion seemed inadequate because of the special significance of that issue; at least one additional meeting should be provided. With regard to the United Nations Disengagement Observer Force (UNDOF), he would like to know when the report on settlement of disputes would come before the Committee.

14. Ms. GOICOCHEA (Cuba) said that her delegation agreed that additional time should be allocated for the discussion of gratis personnel. The Fifth Committee had also intended to examine the restructuring of the Centre for Human Rights from a budgetary standpoint, but it did not appear on the programme of work for the resumed session, and she would like to learn whether the Committee would take up that item during the fifty-first session. She agreed with the representative of Mexico that, because of the importance of the subject, reports

on the financial situation of the Organization should be issued as soon as possible. Her delegation agreed that all oversight bodies must be reviewed at the same time in order to determine the priorities for their strengthening. It would also like to learn the current status of the Efficiency Board, as General Assembly resolution 51/221 had called for an intergovernmental analysis of that body.

15. Mr. ZULKIFLI (Malaysia) supported the proposal to allocate additional time to the question of gratis personnel and agreed with Cuba that the strengthening of oversight bodies should be across the board and not selective. It should be remembered that increasing the number of members also increased costs.

16. Mr. MOKTEFI (Algeria) endorsed the comments of the representative of Cuba.

17. The CHAIRMAN said that he had taken note of members' comments and would consult with the Bureau and report its views at a subsequent meeting. He would take it that the Committee wished to proceed according to the proposed programme of work as contained in document A/C.5/51/L.42/Rev.1 with the deletion of agenda items 137 and 139, and taking into account suggestions from members.

18. It was so decided.

AGENDA ITEM 116: PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997 (continued)

Eighth progress report on the Integrated Management Information System (A/51/7/Add.4; A/C.5/51/23)

19. Mr. CONNOR (Under-Secretary-General for Administration and Management), introducing the eighth progress report of the Secretary-General on the Integrated Management Information System (IMIS) project (A/C.5/51/23), said that IMIS had been conceived to replace current administrative systems, many of which were more than 30 years old, and to provide all major duty stations with a modern system of management information.

20. Because of the complexity of IMIS and the broad range of activities which it covered, many difficulties had to be overcome, including system errors, bad data in pre-existing systems and the difficulties inherent in the need for hundreds of staff to change completely the way in which they had been working for many years and to learn the new concepts and procedures introduced with the new system. Those difficulties, however, should not hide the fact that the system generally worked satisfactorily and that the integration between the various applications had been successful. Duty stations in which the system had been implemented, including Bangkok and Vienna, had found it to be both practical and effective and it was expected that all other duty stations would be equipped with the system by the end of 1997. In his ninth progress report the Secretary-General would provide information on the results of efforts to resolve the remaining problems.

21. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the fifth report of the Advisory Committee on the Integrated Management Information System project (A/51/7/Add.4), recommended that the Fifth Committee should take note of the report of the Secretary-General

contained in document A/C.5/51/23 and endorse the Advisory Committee's observations and recommendations thereon.

22. Ms. SHENWICK (United States of America) asked when the issues raised in the Advisory Committee's report concerning the implementation of IMIS would be addressed.

23. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that those issues would be addressed in the ninth progress report, which would normally be completed in the fall in time for the fifty-second session of the General Assembly.

24. Mr. SCOTTI (France) drew the Committee's attention to the fact that the Executive Board of the United Nations Children's Fund (UNICEF) would be meeting shortly to consider whether IMIS or some other information management system should be implemented at UNICEF. It might therefore be advisable for the Committee to await the decision of UNICEF before taking any action on the matter.

25. Mr. MOKTEFI (Algeria) said that, while his delegation was not opposed to the suggestion that the Committee should take note of the Secretary-General's report, it remained concerned about the scope of the problems still affecting the implementation of IMIS at Headquarters.

26. Ms. SHENWICK (United States of America), supported by Ms. INCERA (Costa Rica), said that, in the light of the comments made by various delegations, and particularly by the delegation of France, it might be useful to hold a brief informal meeting to clarify issues that still caused concern and to provide guidance for the preparation of the ninth progress report.

27. The CHAIRMAN suggested that informal consultations on the matter should be held under the chairmanship of the Rapporteur.

28. It was so decided.

AGENDA ITEM 115: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (continued)

29. Mr. CONNOR (Under-Secretary-General for Administration and Management), reporting on the current financial situation of the Organization, said that, since 1994, there had been zero nominal growth in the appropriation level for the regular budget and appropriations for the biennium 1996-1997 were actually $5 million less than for the biennium 1994-1995. The proposed budget outline for 1998-1999 at revised 1996-1997 rates represented a further reduction in real resources of $123 million. Detailed information on the financial situation was presented in a series of charts which he had made available to members of the Committee.

30. After peaking in the period 1993-1995, assessments for the peacekeeping budget had declined in 1996 and again in 1997. One consequence of that decline would be that future cash inflows would also be lower. It was therefore all the more imperative to collect unpaid assessed contributions. He noted, in that

connection, that payments had slightly outpaced assessments for the regular budget in 1996.

31. Regular budget arrears had declined by $53 million from 1995 to 1996. Over the same period, the number of fully paid-up Member States had risen from 94 to 98, while the number of Member States making no regular budget payments had declined from 22 to 12 and the number of those owing more than the current year's assessment at the end of the year had fallen from 71 to 61.

32. There had been two contradictory trends with respect to peacekeeping arrears. The arrears of the United States of America had increased by $110 million from 1995 to 1996, while the arrears of all other Member States had declined by $202 million. Unlike in 1995, peacekeeping payments had slightly outstripped assessments in 1996. Nevertheless, as at 31 December 1996, the level of outstanding peacekeeping assessments was 116 per cent of the level of peacekeeping activity.

33. Payments by the United States of its arrearage on assessed contributions for both the regular and peacekeeping budgets had been late and partial. Taken as a percentage of the aggregate unpaid assessments for both the regular and peacekeeping budgets, the share of the United States was sixty per cent in 1996, a level previously attained only in 1990. The concentrated run-up in unpaid assessments had been further compounded by the fact that payments were not predictable.

34. Turning to the cash flow for the combined General Fund for the period 1991-1996, he drew attention to a recent shift in the pattern of cash balances. The small negative balances usually recorded around September of each of the first four years of the period under review had ballooned in 1995 to a negative cash balance of $200 million during the same period in 1995 and to more than $300 million in 1996.

35. The year 1997 had started on a brighter note, however, with 28 Member States having paid their regular budget contributions in full by 31 January and a further 11 States doing so in February. In addition, 15 States had made partial payments on their regular budget contributions during the first two months of the year. Despite those payments, however, a return to a negative cash flow, peaking in November at approximately $350 million, was forecast for later in the year. Because the Organization had no capital or reserves and was dependent on assessed contributions, an imprudent financial circle was created by the late payment of regular budget assessments. Late payments resulted in negative regular budget cash flows and thus the need to borrow from the peacekeeping account and the consequent inability to pay peacekeeping obligations. To complete that circle, therefore, Member States were required to finance peacekeeping obligations to compensate for the late payment of assessments.

36. As at 31 December 1996, the Organization owed over $850 million for troops and contingent-owned equipment, an amount lower than the corresponding total for 1995 but higher than the total for 1994.

37. In conclusion, he would describe the financial health of the Organization as not good but less bad than the previous year. It had managed to hang on for one more year.

38. Ms. SHENWICK (United States of America), referring to chart no. 4, recalled that the General Assembly had increased the appropriations for 1994-1995 in the context of the revised estimates by approximately $22 million. The end-year total for 1995 should therefore be $2,630 million and not $2,608 million.

39. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the figures just given by the representative of the United States were correct. As a practical matter, however, the Secretariat only compared appropriations for the full budget. An account of the amounts added on and subtracted over the year would be made available at a later stage.

40. Mr. NOUR (Egypt) said that Egypt did not appear in the list of Member States whose regular budget contributions for 1997 had been received in full by 31 January 1997. His Government had paid its assessed contributions on 2 January 1997. He requested the Secretariat to issue a revised list in an official document.

41. Mr. SIAL (Pakistan) said that the charts circulated by the Under-Secretary-General should be accompanied by figures. His delegation also wished to point out that Pakistan had paid its assessed contributions on time, but did not appear among the countries listed as having done so.

42. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that Pakistan had indeed paid its assessed contributions, but the money had been received after the list had been compiled. Egypt had paid its contributions in local currency. Those funds were still clearing and had not yet been officially received.

43. Mr. SCOTTI (France) was grateful for the information on the amounts owed by Member States to the Organization, but in future his delegation would like to see figures as well as charts.

44. Mr. RIVA (Argentina) said that it was important that senior officials of the United Nations should make public statements about the Organization's financial situation. His Government was concerned that Argentina did not appear among those countries to which the Organization owed significant amounts for troop contributions and contingent-owned equipment. The total amount currently owed to Argentina was $20 million.

45. Ms. PEÑA (Mexico) said that oral reports, although informative, were no substitute for official written reports to the General Assembly. Her delegation was concerned that, despite the easing of the cash-flow situation, Member States that were owed money for troop contributions and contingent-owned equipment would still not be reimbursed promptly.

46. Mr. GREIVER (Uruguay) asked for further information about the prospects for reimbursement of troop and equipment costs in 1997.

47. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that, in the circumstances, the Organization would do well to hold troop and equipment debt to the current level. Without major payments of arrears, that was the most he could forecast. An effort would naturally be made to pay off old debts, but he envisaged no significant relief.

48. Mr. HANSON (Canada) said that his delegation wished to express its disquiet at the recourse to internal borrowing in order to fund peacekeeping operations. His Government was also concerned about the apparent high level of debt in respect of contingent-owned equipment compared to troop-related debt.

49. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the Secretariat had experienced considerable problems in agreeing the value of troops and equipment with Member States. Although the Organization tried to be even-handed, it tended to favour reimbursing troop debts before equipment debts. That was due to the greater complexity of claims for contingent-owned equipment.

AGENDA ITEM 112: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/50/945; A/51/7/Add.3; A/C.5/51/9*)

50. Mr. SEVAN (Assistant Secretary-General for Conference and Support Services) said that internal and external auditors were about to start auditing his Office's procurement activities, and he would urge the external auditors to evaluate the revised procurement procedures and their implementation as well as the performance of the Procurement and Transportation Division.

51. He wished to thank all Member States for their keen interest in the expeditious reform of the United Nations procurement system. The Office of Conference and Support Services took Member States' recommendations and directives very seriously and had acted upon them, just as it had taken necessary action on the recommendations made by the Advisory Committee on Administrative and Budgetary Questions, the external auditors, and the Office of Internal Oversight Services and its internal auditors.

52. He drew delegations' attention to an error that had inadvertently crept into annex I of the report of the Secretary-General (A/C.5/51/9*) concerning the recommendations of the Group of Experts and the actions taken thereon by the Secretariat. Entry 6 of annex I should read: "Abolition of local committees on contracts". That recommendation had not, in fact, been accepted and the committees in question were actually being strengthened.

53. Although there had been differences of opinion, he was sure that real progress had been made. The efforts to restructure the Procurement and Transportation Division had been particularly encouraging. Revised policy guidelines and new procedures for the Headquarters Committee on Contracts had been promulgated. The final draft of the procurement manual would be ready for publication in April 1997. Over half of the existing manual had been revised in one form or another, and most of the revised provisions, although not yet issued, were being implemented throughout the United Nations procurement system.

54. There had been a significant decline in the number of exceptions to the type of competitive bidding authorized under financial rule 110.19. The number of such cases had decreased from 344 in 1994 to 159 in 1996; the respective dollar value had gone down from about $470 million to about $95 million. Moreover, as requested by the Advisory Committee in paragraph 13 of its report, and as called for in General Assembly resolution 49/216 C, his Office was currently giving sharper definition to the concept of exigency needs. The number of ex post facto cases had also declined from 204 in 1995 to 99 in 1996. Also, partial post facto cases had gone down from 296 cases in 1995 to 127 in 1996.

55. Considerable progress had been made in vetting and updating, as well as broadening the base of the Supplier Roster. Registered suppliers hailed from 63 Member and Observer States. Of the 1,831 formally registered suppliers, his Office had procured from 353. Of the 680 provisionally registered suppliers, his Office had procured from 384. More and more authority had been delegated to field offices, but information about their procurement activities was not filtering back to Headquarters. The pattern of procurement in the field would naturally differ from the picture at Headquarters.

56. Efforts had been made to address the question of delegation of procurement authority with full accountability. His Office was monitoring the situation carefully and intended to evaluate improvements in the process resulting from the granting of signing authority to individual procurement officers.

57. With respect to the views of the Advisory Committee contained in paragraph 20 of its report concerning four officers seconded by their Governments at no cost to the Organization, it was important to wait until the General Assembly had discussed the whole question of seconded personnel and to be guided by its decisions. In the meantime, however, he wished to state that no seconded officer had ever performed actions which could be construed as giving rise to a conflict of interest.

58. It was one thing to establish policy and procedures, but quite another to implement them. Good progress had been made in the policy and procedural aspects of the procurement reform, but much work still needed to be done in order to fully implement the procedures involved. It was especially important to be consistent in the application of new procedures. A major difficulty was that the Procurement and Transportation Division did not have full control of the whole procurement process. There was too much involvement by the requisitioning departments and offices, not only in terms of providing lists of suppliers, but also in influencing which way decisions would go. His Office was addressing those questions, but until and unless the Procurement and Transportation Division was provided with the necessary resources and expertise, those efforts would be doomed to failure.

59. There was an unfortunate tendency to consider staff resources for the Procurement and Transportation Division separately, without taking fully into account the magnitude and complexity of their work. While it might be possible to save $100,000 or $200,000 by cutting down on staff resources and providing temporary instead of regular budget posts, millions of dollars might be saved if the Division were to be given the appropriate level of staff resources.

60. His Office had repeatedly requested the upgrading of the D-1 post to the D-2 level in order to attract a competent manager. There had been continuous and inconclusive discussions on the matter which had ultimately cost far more than the few hundred dollars necessary to upgrade the post. He hoped that the General Assembly would finally come to a decision during the current session. It had also been impossible to attract qualified personnel to the Division because of the temporary status of most of the posts.

61. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Committee welcomed the action the Secretariat had taken to start the process of reforming the procurement system of the United Nations. However, as indicated in the Committee's report, the measures had not been as comprehensive as expected. Furthermore, they were introduced late in 1996 and it was therefore too early to evaluate their impact. In paragraph 5 of its report, the Committee had indicated that little had been done to integrate procurement at Headquarters, nor was it clear to what extent reforms had been undertaken to enhance cooperation by taking advantage of economies of scale with other United Nations entities such as funds and programmes located at the same duty station. The Committee had recommended that urgent steps should be taken to initiate the review which it had requested and that the General Assembly should be informed of the outcome. With respect to revised delegation of purchasing authority under the terms of financial rule 110.16, the Advisory Committee had recommended that the steps taken thus far by the Secretariat should be monitored carefully and reviewed after six to eight months to evaluate any improvements resulting from granting signing authority to individual procurement officers. On the question of 'systems contract' arrangements, the Committee had endorsed the view of the Secretary-General that greater vigilance was needed to monitor vendor performance and to perform more effectively the function of contract administration.

62. Regarding the Supplier Roster, the Committee had requested that the criteria for evaluating suppliers should be refined and that the roster base should be broadened. Reference was made to the very narrow geographical base of suppliers. The Committee had called for more resources to enable staff to travel to other locations for the purpose of expanding the supplier base. In paragraph 15, the Committee deprecated the practice of requisitioners recommending suppliers, which should be discontinued immediately.

63. Regarding the use of brokers in the procurement process, the Committee had suggested that some of the risks involved could be obviated by revising and expanding the vendor database and leaving the option to use brokers to very exceptional circumstances which should be recorded in each case. On the question of ex post facto approval by the Committee on Contracts and the so-called exigency or immediate operational requirement, the Committee had taken note of the Secretariat's actions to date. However, the Committee reiterated that, as the Board of Auditors had recommended, exigency needed to be defined more clearly. That recommendation had been endorsed by the General Assembly in its resolution 49/216 C. The same resolution had called for proposals to amend the relevant financial regulations and rules where appropriate.

64. Regarding the question of staff resources, the Committee was of the view that positions in the procurement services should not be left vacant while

gratis personnel were being employed at the same time. The Committee considered such an approach to be unacceptable and corrective measures should be taken to ensure that it did not happen again. It pointed out that there was a serious potential conflict of interest, especially since gratis officers were not staff members of the United Nations and therefore were not answerable under the regulations and rules of the Organization. In that connection, the Committee had recommended that the vacant posts in the procurement service should be filled as soon as possible.

65. Procurement reform should be given top priority in the United Nations and its funds and programmes and the Board of Auditors should focus on evaluating the adequacy of the measures taken by the Secretariat in line with the Board's own recommendations and those of the Advisory Committee and the General Assembly.

66. Mr. KRISHNAMACHARI (Office of Internal Oversight Services) said that, in accordance with General Assembly resolution 48/218 B, the Office of Internal Oversight Services (OIOS) was expected to submit reports that provided insight into the effective utilization and management of resources and the protection of assets. In fulfilling that expectation, the Office had identified certain priority areas, of which procurement was one.

67. The report of the Secretary-General on the activities of OIOS was the outcome of a comprehensive audit of procurement for technical cooperation projects handled by the Contracts and Procurement Service of the Department for Development Support and Management Services. The audit covered a sample check of 26 major procurement actions involving $5.78 million. In the context of the Department's annual expenditure on procurement, that represented significant coverage and the audit findings were representative and material.

68. The audit had addressed a number of critical aspects of procurement and contracting, including the manner in which specifications were drawn up and the confidentiality of the bidding process was assured, transparency in the acceptance of bids, implementation of the policy to increase representation of firms from developing countries in bidding, propriety and economy in procurement and contracting, and proper maintenance of vendor files for effective performance reviews.

69. The extent of breaches of basic control procedures noted and other issues raised during the audit indicated a need to strengthen the procurement process. As observed by the Joint Inspection Unit, the report was a relevant response by OIOS to the growing desire of Member States to ensure transparency in the procurement process.

70. OIOS expected that, as a result of the audit and its follow-up, the Department would strengthen planning, monitoring and control of its procurement process and thereby enhance the integrity of the process, diversify sources of procurement and improve cost-effectiveness. OIOS had been assured that the Department had taken the necessary steps.

71. Section D of part II of the report dealt with purchases that were being made from certain procurement agencies with poor or non-existent credit

appraisal rating, thereby exposing the Organization to serious risks. Since that category included purchases made by the Purchase and Transportation Division of the Office of Conference and Support Services, corrective action was to be taken by that Office also, as indicated in paragraph 27 of the report. In that connection, it had been noted from paragraph 12 of the Advisory Committee's report of 4 December 1996 (A/51/7/Add.3) that the Committee had been informed that there was some merit in utilizing agents and brokers in certain cases where goods and services were not readily available or had different and varied specifications, provided that the broker's credentials were thoroughly checked and no risk to the Organization was involved. However, as the Committee had observed, such brokers should be employed in very exceptional circumstances, and the reasons for their employment should be recorded in each case.

72. Mr. MENKVELD (Netherlands), speaking on behalf of the European Union, and the associate countries of the Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, and, in addition, Norway, took note of the Secretary-General's report of substantial progress in the implementation of reform measures and in achieving an efficient, responsive and transparent procurement process. Much work had been done to make it possible to procure goods and services in a more expeditious and cost-effective way. The planned improvements were, however, not yet very visible in the day-to-day conduct of procurement activities within the Secretariat. Comparison with the work of procurement units in other international organizations would make it clear that the implementation of reform in practical terms still left much to be desired. The European Union noted with great concern that certain measures directed at integrating and coordinating United Nations procurement activities were still pending.

73. The findings of the recent audit and investigation by the Office of Internal Oversight Services of the International Criminal Tribunal for Rwanda underlined the importance of the Advisory Committee's recommendation that all Headquarters procurement activities should be integrated and coordinated as much as possible with those of the United Nations Office for Project Services (UNOPS) and other entities. The findings of OIOS underlined the importance of that recommendation. The European Union concurred with the Advisory Committee that immediate steps should be taken within a specified time-frame, and remained extremely concerned that no progress had apparently been made so far. He urged the Secretary-General to complete his review and to communicate the outcome to the General Assembly no later than the mid-point of the next part of its resumed session. Preliminary information could already be given on progress achieved since the issuance of the Secretary-General's report in November 1996. His delegation would also welcome information regarding the results achieved so far following the division of the Commodity Procurement Section of the Procurement and Transportation Division into two separate sections.

74. The European Union welcomed the revised policy guidelines and procedures for the Headquarters Committee on Contracts, and the updating of the threshold amounts for the delegation of procurement authority. It also endorsed the view of the Secretary-General that the recommendation of the Expert Group to abolish local committees on contracts should not be accepted. He noted that in the latest report, the recommendation of the Expert Group had been altered, referring to review and strengthening of local committees on contracts, rather

than their abolition. He also noted the revised system of individual delegated purchasing authority. Monitoring and, in due course, evaluation of the revised system would be called for. The Supplier Roster had been vetted and updated, and the procedures for supplier pre-qualification and registration had been revised. Those developments were welcome, but much remained to be done. Establishing an active and viable roster reflecting a reasonable geographical distribution of suppliers should be given the highest priority. Statistical information should also be provided showing how many times each supplier on the roster had been invited to bid.

75. Although open and transparent procurement added to the up-front costs of procurement, the European Union strongly preferred open tenders and hence open access to procurement information in as wide as possible a geographical area. Overall, that would not lead to higher costs; indeed it should reduce them. Greater use should be made of publications financed by subscriptions from potential suppliers; that was standard practice in other organizations for announcing upcoming procurement opportunities. He wondered why greater use was not made of the Internet and of "Procurement Update", which was published by the Inter-Agency Procurement Services Office.

76. Increasing the number of registered suppliers and making more use of advertising would lead to more transparency and make the Organization less vulnerable to criticism that too much procurement came from too few Member States. According to information provided by the Secretariat, almost 50 per cent of all procurement handled by the Secretariat in New York in 1994-1995 had gone to United States companies. While it was not unnatural for the host country to have a certain advantage when it came to procurement opportunities, the figures indicated serious deficiencies in the operation of the procurement system. Also, periodic comprehensive information on contracts awarded, on a country-by-country basis, would be a useful tool for enhancing accountability.

77. The European Union supported the introduction of an arrangement whereby, among equally qualified suppliers, preference should be given in the award of contracts for the procurement of goods and services to suppliers from Member States which were current with their payment of assessed contributions.

78. Procurement had been identified by OIOS as a priority area for oversight. The Secretary-General's report welcomed a number of recommendations which would enhance the overall efficiency of procurement operations, and should eliminate procurement actions which were not in accordance with regulations. He urged the Secretary-General to ensure compliance with regulations and, if necessary, to hold individual staff members responsible for their actions or failure to act.

79. The European Union took note of the efforts to reduce the number of ex post facto cases referred to the Headquarters Committee on Contracts. Although such cases could not be eliminated altogether, there seemed to be ample scope for further improvements. Furthermore, when exceptional circumstances arose resulting in the withdrawal of an invitation to tender, appropriate information should be supplied to those affected.

80. His delegation reiterated its support for requests for the classification of the post of Director of the Procurement and Transportation Division at the D-2 level. If the overall objective of harmonizing procurement throughout the system was to be realized, there was a clear need for fresh expertise at the D-2 level to direct operations. He also supported the recommendation of the Advisory Committee that vacant procurement-related posts should be filled as soon as possible. The Secretary-General should also take into account developments in the overall level of activity, measured in financial terms and in the number of contracts, as well as the effects of system contracts, which should reduce the workload. He expected that the recent decrease in the overall level of activity, as well as realistic assumptions about the near future, would be taken into account in the budget proposals for the biennium 1998-1999.

81. In conclusion, he welcomed the apparently substantial progress made regarding procurement reform as outlined in the report of the Secretary-General, and expressed confidence that outstanding issues would be addressed expeditiously. Serious attention should be given to having the process managed by staff able to deliver what should be expected from a professional procurement unit. The next report on procurement reform should contain more practical information on progress or the lack thereof.

82. Mr. LOZINSKI (Russian Federation) welcomed the efforts of the Secretary-General in the area of procurement reform and hoped that tangible results would soon be achieved. His delegation supported the conclusions contained in the Advisory Committee's report on the subject (A/51/7/Add.3). It was to be hoped that the reform process would soon be concluded; a report giving a full picture of procurement activities was essential for success. In the absence of comprehensive information, it was difficult for the Committee to properly assess the effectiveness of measures. His delegation awaited with interest the next report of the Board of Auditors, referred to in paragraph 22 of the report of the Advisory Committee.

83. He welcomed the measures to reform the Procurement and Transportation Division, as described in the report of the Secretary-General. Careful consideration should be given to the possibility of combining different units dealing with procurement into a single transparent structure. Solving such issues would be crucial to successful reform of the procurement process.

84. His delegation supported the recommendation of the Advisory Committee concerning the delegation of purchasing authority, as contained in paragraph 9 of its report. As to the question of the Supplier Roster, the goal of expanding the number of suppliers and providing for the broadest possible geographical distribution had yet to be achieved; tangible progress was needed in that area. His delegation would also welcome the views of the Secretariat concerning the percentage of brokers who were registered as suppliers for the United Nations.

85. Regarding ex post facto cases, his delegation agreed with the conclusions contained in paragraphs 16 to 18 of the Advisory Committee's report, and looked forward to a fuller implementation of General Assembly resolution 49/216 C. While his delegation understood the difficulties of procurement planning, particularly in the rapidly changing and unpredictable conditions associated with peacekeeping operations, he hoped that progress could be achieved in that

area. As for the issue of human resources in the area of procurement, the workload of the personnel concerned was a key issue; his delegation would welcome more complete information, particularly regarding the volume of goods and services procured directly by the Procurement and Transportation Division in 1996, as compared with previous years. The tables contained in the documents before the Committee were not always comparable to those in previous reports, which made it more difficult for the Committee to analyse the information. The Secretariat should provide updated information, on the basis of comparison with 1996 figures, concerning the cost of procurement relative to the number of staff, and should include such information in subsequent reports.

86. His delegation was deeply concerned at the report of OIOS contained in the annex to document A/50/945; a number of important issues had been raised, and must be seriously addressed. He looked forward to a comprehensive report on procurement oversight in which due attention would be paid to such issues.

87. Mr. FARID (Saudi Arabia) supported the view of the Advisory Committee that procurement should be given top priority in the United Nations and its funds and programmes, and welcomed efforts to restructure the Procurement and Transportation Division and to improve training and accountability. A training programme should be set up as soon as possible for procurement staff at Headquarters and for field procurement officers. He welcomed the new measures concerning ex post facto cases, particularly the decision to hold officials personally accountable for improper authorizations, although his delegation was aware that such cases could not be totally eliminated in the area of peacekeeping operations. His delegation welcomed the forthcoming issuance of a new Procurement Manual, and supported efforts to develop a supplier roster having a wider geographical base.

88. It was also a matter of concern that poor inventory management could lead to excessive procurement of items at great cost; it was regrettable that administrative difficulties at the United Nations Office at Geneva had recently led to the award of a contract to a late bidder whose quotation had been opened after the public opening session. Also, the practice of using suppliers recommended by requisitioners must be discontinued. His delegation welcomed the Secretary-General's efforts to reform the United Nations procurement system in order to ensure that goods and services were obtained in an expeditious and cost-effective manner.

The meeting rose at 12.55 p.m.